

White Lake Ambulance Authority
REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

June 30, 2004

61-7515

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name White Lake Ambulance Authority	County Muskegon
Audit Date 6/30/04	Opinion Date 10/18/04	Date Accountant Report Submitted to State: 11/2/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report or comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name) Brickley DeLong PLC			
Street Address 500 Terrace Plaza			
City Muskegon	State MI	ZIP 49443	
Accountant Signature <i>Timothy J. Carter, CPA for Brickley DeLong, PLLC</i>		Date 11/2/04	

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White Lake Ambulance Authority

Management's Discussion and Analysis

This section of the White Lake Ambulance Authority annual financial report presents our discussion and analysis of the Authority's financial performance during the year ended June 30, 2004. Please read it in conjunction with the Authority's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand White Lake Ambulance Authority financially as a whole. The basic financial statements are comprised of the following elements:

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

Financial Statements

Statement of net assets

Statement of revenues, expenses and changes in net assets

Statement of cash flows

Notes to the Basic Financial Statements

(Required Supplemental Information)

The statement of net assets provides balance as of the end of the reporting period. The statement of revenues, expenses, and changes in net assets provides information related to the activities of the Authority during the year. The statement of cash flows presents detailed information about the Authority's cash collection and disbursement.

Financial Overview

Recall that the statement of net assets provides the perspective of the Authority as a whole. Since this is the first year the Authority has prepared financial statements following GASB No. 34, comparisons to fiscal 2003 are not available. The Authority will provide this information in future years.

Statement of Net Assets

	<u>2004</u>
Assets	
Current and Other Assets	
Capital Assets	\$ 386,475
Total Assets	<u>193,207</u>
	579,682
Liabilities	
Current Liabilities	
Long-term liabilities	12,913
Total liabilities	<u>37,171</u>
	<u>50,084</u>

White Lake Ambulance Authority

Management's Discussion and Analysis

Net Assets	
Invested in Capital Assets	
Restricted for capital assets	\$ 193,207
Unrestricted	81,453
Total Net Assets	<u>254,938</u>
	<u>\$ 529,598</u>

The above analysis focuses on the net assets. The change in net assets (see table below) of the Authority's governmental activities is discussed below. The Authority's net assets were \$529,598 at June 30, 2004. Capital assets, net of related debt totaling \$193,207, compares the original cost (less depreciation) of the Authority's capital assets. The restricted net assets represents cash and investments restricted for purchase of capital assets. The remaining amount of net assets \$254,938 was unrestricted.

The \$254,938 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The unrestricted net asset balance is used to provide working capital and cash flow requirements as well as providing for future uncertainties.

The results of this year's operations for the Authority are reported in the statement of activities, which shows the changes in net assets for fiscal year 2004. Since this is the first year the Authority has prepared financial statements following GASB No. 34, revenue and expense comparisons for fiscal year 2003 are not available. The Authority will provide this information in the future.

Statement of Activities

Operating revenues	<u>2004</u>
Charges for Services	
Other revenues	\$ 580,786
	<u>2,887</u>
Operating expenses	583,673
Salaries	
Fringe benefits	361,887
Bad debts and discounts	97,172
Depreciation and amortization	221,629
Other operating expenses	52,144
Total operating expenses	<u>108,248</u>
	<u>841,080</u>
Operating loss	(257,407)
Nonoperating revenues	
Investment income	2,805
Grants – member governmental units	<u>126,557</u>
Total nonoperating revenues	<u>129,362</u>
Net loss	(128,045)
Net Assets at beginning of year	<u>657,643</u>
Net Assets at end of year	<u>\$ 529,598</u>

Decrease in Net Assets

The Authority experienced a decrease in net assets of \$128,045. Key reasons for the change in net assets was a decrease in charges for services along with a continued increase in expenses.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2004, the Authority had \$193,207 (after accumulated depreciation) invested in a broad range of capital assets, including equipment and leasehold improvements. This amount represents a net increase (including additions, deductions, and depreciation) of \$35,679 from last year. The increase is the result of the purchase of a new ambulance along with renovations to our building.

Economic Factors

The Authority has slowly been utilizing net assets to cover its annual net losses. The net asset balance has been reduced to the point that the Authority will need to find additional revenue sources in the near future. The overall revenues and operating expenses are affected by:

1. Fewer transports overall
2. More transports of patient w/o insurance due to the economic downturn in the White Lake area.
3. Increased insurance costs
4. Increased employee salaries and benefits
5. Increased costs in recruiting employees and cost of education
6. Aging population, more patients who are insured by Medicare and Medicaid

To offset expenses, the Authority has placed on the November 2, 2004 ballot a 0.625 millage request. The tax of \$0.625 for each \$1,000 taxable value on all taxable property within the limits of the Authority defined as the City of Whitehall, City of Montague, Fruitland Township, Whitehall Township, White River Township, Montague Township and Blue Lake Township for a period of three (3) years for operating purposes with an estimated annual revenue amount of approximately \$360,000. The first year of collection would be 2004. Failure of the millage could result in curtailment of some services or increased financial contributions from governmental units.

Contacting the Authority Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those interested in the Authority's finances. If you have any questions about this report or need additional information, contact the White Lake Ambulance Authority at 119 S. Baldwin, Whitehall, MI 49461.

BRICKLEY DeLONG
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

October 18, 2004

Board of Directors
White Lake Ambulance Authority
Whitehall, Michigan

We have audited the accompanying financial statements of White Lake Ambulance Authority as of and for the year ended June 30, 2004, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the White Lake Ambulance Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of White Lake Ambulance Authority, as of June 30, 2004, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, the Authority has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as of July 1, 2003.

The management's discussion and analysis on pages i through iii are not a required part of the basic financial statement but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Brickley DeLong, PLLC

White Lake Ambulance Authority
STATEMENT OF NET ASSETS
June 30, 2004

ASSETS

CURRENT ASSETS

Cash and investments

\$ 159,135

Accounts receivable

\$ 239,734

Less allowance for doubtful accounts

(124,500)

115,234

Prepaid expenses

Total current assets

30,653

305,022

NONCURRENT ASSETS

Restricted cash

81,453

Capital assets, net of depreciation

193,207

Total noncurrent assets

274,660

Total assets

579,682

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable

2,588

Accrued liabilities

10,325

Total current liabilities

12,913

NONCURRENT LIABILITIES

Compensated absences

37,171

Total liabilities

50,084

NET ASSETS

Invested in capital assets

193,207

Restricted for capital assets

81,453

Unrestricted

254,938

Total net assets

\$ 529,598

The accompanying notes are an integral part of these statements.

White Lake Ambulance Authority
**STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET ASSETS**
 Year ended June 30, 2004

Operating revenues	
Charges for service	
Other	\$ 580,786
	<u>2,887</u>
Operating expenses	583,673
Salaries	
Fringe benefits	361,887
Bad debts and discounts	97,172
Depreciation and amortization	221,629
Rental and lease expense	52,144
	<u>9,945</u>
Operating supplies	
Gasoline	8,893
Building and equipment maintenance	5,543
Office Supplies	20,485
Insurance and bonds	5,062
	<u>15,405</u>
Communications	
Utilities	22,168
Education and training	3,432
Professional fees	1,452
Other	6,400
	<u>9,463</u>
Operating loss	<u>841,080</u>
	(257,407)
Nonoperating revenues	
Investment income	
Grants - member governmental units	2,805
	<u>126,557</u>
NET LOSS	<u>129,362</u>
	(128,045)
Net assets at July 1, 2003	<u>657,643</u>
Net assets at June 30, 2004	<u>\$ 529,598</u>

The accompanying notes are an integral part of these statements.

White Lake Ambulance Authority
STATEMENT OF CASH FLOWS
Year ended June 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 377,702
Payments to suppliers	(227,348)
Payments to employees	(373,086)
Net cash used for operating activities	<u>(222,732)</u>
CASH FLOWS FROM NONCAPITAL FINANCIANG ACTIVITIES	
Grants - member governmental units	126,557
CASH FLOWS FROM CAPITAL AND RELATED FINANCIANG ACTIVITIES	
Purchase of capital assets	(87,823)
CASH FLOW FROM INVESTING ACTIVITIES	
Investment income	<u>2,805</u>
DECREASE IN CASH AND INVESTMENTS	(181,193)
Cash and investments at July 1, 2003	<u>421,781</u>
Cash and investments at June 30, 2004	<u>\$ 240,588</u>
Reconciliation of operating income to net cash used for operating activities	
Operating loss	\$ (257,407)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation	52,144
Allowance for doubtful accounts	22,500
Funds for operations	<u>(182,763)</u>
(Increase) decrease in operating assets	
Accounts receivable	(6,842)
Prepaid expenses	(16,582)
Increase (decrease) in operating liabilities	
Accounts payable	<u>(16,545)</u>
Net cash used for operating activities	<u>\$ (222,732)</u>

The accompanying notes are an integral part of these statements.

White Lake Ambulance Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the White Lake Ambulance Authority (Authority's) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance, subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance. The more significant of the Authority's accounting policies are described below.

Effective July 1, 2003, the Authority adopted GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 37 and No. 38. These statements primarily establish standards for external financial reporting for state and local governments. Certain significant changes in these statements include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Authority's overall financial position and results of operations.
- Government-wide financial statements prepared using full accrual accounting for all of the Authority's activities.
- Expansion of footnote disclosures.
- These and other changes are reflected in the accompanying financial statements, including notes to financial statements.

1. Reporting Entity

The White Lake Ambulance Authority is incorporated under the provisions of Act 57, Public Acts of 1988 in Michigan, for the purpose of providing emergency medical services, equipment, and ambulance services to the incorporating governmental units.

Each of the municipalities participating in the Authority share the cost of operating and financing the Authority. Initial capital requirements and annual operating contributions are allocated to the municipalities in proportion to their respective population, taxable values, and ambulance services provided. In addition, operating costs of the Authority are partially funded by user fees determined by the Board of Directors.

2. Basis of Accounting

Financial activities of the Organization are accounted for using the accrual basis of accounting.

White Lake Ambulance Authority
NOTES TO THE FINANCIAL STATEMENTS—CONTINUED
June 30, 2004

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

3. Assets, Liabilities and Net Assets or Equity

a. Deposits and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The Authority has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the Authority to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies or instrumentalities, United States government or federal agency obligation repurchase agreements, bankers acceptances, state-approved investment pools and certain mutual funds.

b. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts and utilization of historical loss amounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

c. Capital Assets

Capital assets, which include plant and equipment are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	3-10
Leasehold improvements	6-9

d. Net Assets

Reserved net assets represent amounts that are not appropriable or are legally segregated for a specific purpose. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use the restricted resources first, then unrestricted resources as needed.

e. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

White Lake Ambulance Authority
NOTES TO THE FINANCIAL STATEMENTS—CONTINUED
June 30, 2004

NOTE B—DEPOSITS AND INVESTMENTS

1. Deposits

The Authority's deposits are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes deposits insured or collateralized with securities held by the entity or its agent in the entity's name. Category 2 includes deposits collateralized with securities held by the pledging financial institutions' trust department or agent in the entity's name. Category 3 includes deposits which are uncollateralized.

As of June 30, 2004, the Authority's carrying amount of deposits was \$20,327 and the bank balance was \$21,975. The bank balance was covered by federal depository insurance.

2. Investments

As of June 30, 2004, the Authority's investments represented holdings in investment pools and mutual funds. During the year ended June 30, 2004, the Authority's investments were only in this type of investment. As of June 30, 2004, the Authority's investments represented holdings in investment pools and mutual funds. During the year ended June 30, 2004, the Authority's investments were only in this type of investment.

The Authority's investments are categorized below to give an indication of the level of risk assumed by the entity at year end. Category 1 includes investments that are insured or registered, or the securities held by the Authority's or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Authority's name. The state-approved investment pools are not categorized as they are synonymous with mutual funds. As of June 30, 2004, the Authority's fair value in those pools and mutual funds was \$220,261.

	<u>Deposits</u>	<u>Investments</u>	<u>Total</u>
Cash and investments	\$ 20,327	\$ 138,808	\$ 159,135
Restricted cash	<u> -</u>	<u>81,453</u>	<u>81,453</u>
	<u>\$ 20,327</u>	<u>\$ 220,261</u>	<u>\$ 240,588</u>

NOTE C—CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 was as follows:

	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2004</u>
Capital assets, being depreciated:				
Equipment	\$ 462,788	\$ 73,497	\$ -	\$ 536,285
Leasehold improvements	<u>35,051</u>	<u>14,326</u>	<u>-</u>	<u>49,377</u>
Total capital assets, being depreciated	<u>497,839</u>	<u>87,823</u>	<u>-</u>	<u>585,662</u>

White Lake Ambulance Authority
NOTES TO THE FINANCIAL STATEMENTS—CONTINUED
June 30, 2004

NOTE C—CAPITAL ASSETS—Continued

	Balance <u>July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2004</u>
Less accumulated depreciation for:				
Equipment	\$ 307,104	\$ 49,106	\$ -	\$ 356,210
Leasehold improvements	<u>33,207</u>	<u>3,038</u>	<u>-</u>	<u>36,245</u>
Total accumulated depreciated	<u>340,311</u>	<u>52,144</u>	<u>-</u>	<u>392,455</u>
Capital assets, net	<u>\$ 157,528</u>	<u>\$ 35,679</u>	<u>\$ -</u>	<u>\$ 193,207</u>

NOTE D—COMMITMENTS

The Authority leases a facility from the City of Whitehall, a participating governmental unit, under a fifteen-year agreement requiring quarterly rentals of approximately \$2,400 per month through March 2009 and the payment of occupancy expenses by the lessee. The total rental expense was \$9,945 for the year ended June 30, 2004. The lease may be renewed for an additional fifteen years at a rental rate sufficient to meet occupancy and maintenance costs of the building.

The Authority has entered into a commitment to purchase a new ambulance. The Authority has paid \$51,000 at June 30, 2004 and should incur approximately another \$53,000 to complete the ambulance purchase.

NOTE E—DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time Authority employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

The Plan has created a trust for the exclusive benefit of the Plan's participants and beneficiaries under rules provided in Internal Revenue Code Section 401(f).

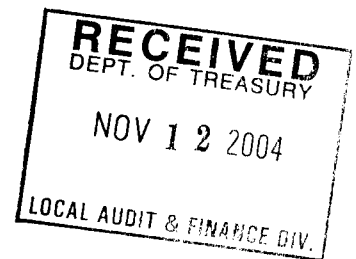
NOTE F—RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. There have been no losses in excess of insurance coverage in the prior three years.

BRICKLEY DeLONG
CERTIFIED PUBLIC ACCOUNTANTS

October 18, 2004

Board of Directors
White Lake Ambulance Authority
Whitehall, Michigan



In planning and performing our audit of the financial statements of White Lake Ambulance Authority for the year ended June 30, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the White Lake Ambulance Authority's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. We have attached a summary of such reportable conditions.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we do not believe the attached reportable conditions are material weaknesses.

This report is intended solely for the information of the Board of Directors, management, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Brickley DeLong, PLLC

REPORTABLE CONDITIONS

Recommendation 1: A detailed accounts receivable ledger should be maintained on your QuickBooks software.

During our testing, we noted that the accounts receivable ledger is still maintained on a separate Excel schedule and not reconciled to the financial statements during the year.

The maintenance of the listing on QuickBooks by the Authority would provide more accurate and current information in regards to billings, cash collections and bad debt write-offs.

We consider the following reportable conditions contained in our October 2, 2003 and our January 6, 2003 letters as still applicable.

October 2, 2003

Recommendation 1: Complete voucher packages should be prepared and approved.

January 6, 2003

Recommendation 2: The accounts receivable subsidiary ledger should be reconciled to the general ledger monthly.